



# **INTERNAL AUDIT ANNUAL AUDIT AUDIT FINDINGS FOLLOW UP**

October 3, 2005

Roanoke City Council Audit Committee  
Roanoke, Virginia

We have completed our findings follow-up audit for fiscal year 2005. Our audit was performed in accordance with generally accepted government auditing standards.

## **BACKGROUND**

At the conclusion of each audit assignment, we work with management to develop action plans to address reportable conditions such as significant control weaknesses, non-compliance with policies and procedures, and violations of laws and regulations. Our department is required by government auditing standards to follow up on all significant findings to determine if issues from the original audit were appropriately addressed. To satisfy this requirement, we maintain a database of all audit findings reported to the Audit Committee and any associated recommendations and action plans.

At the beginning of each fiscal year, we print a report of all open findings that were due to be implemented by June 30th of the previous fiscal year. We issue memos to the departments involved and ask that they respond back to us regarding their progress towards resolving their findings. Once we receive responses from the departments, we schedule site visits to verify the effectiveness of the changes implemented. Those findings that have been satisfactorily addressed are "cleared" in our database and require no future review. Those findings in which the planned actions have not yet been fully implemented are left open in the database and will be reviewed again the following year.

## **SCOPE**

We reviewed the status of action plans in Purchasing, the Department of Technology, Civic Facilities, Facilities Management, Parks & Recreation, Fire/EMS, and the Police department.

## **OBJECTIVE**

The purpose of this audit was to determine if action plans due to be implemented by June 30, 2005, were effectively executed and satisfactorily resolved the associated audit concerns.

## METHODOLOGY

As described in the background above, we used a database to track the status of all reported audit findings. We performed limited inquiry, observation, and test work to determine the effectiveness of actions taken by management in response to audit findings.

## RESULTS

There were 14 audit findings involving seven departments that were due to be addressed by June 30, 2005. Based on the results of our audit work, the following nine findings were cleared:

- In 2004, we determined that the Police department had not properly billed for, collected payment for, or properly issued gold permits. We have verified that gold permits applied for in fiscal year 2005 were properly processed and billed, and that the proper fees were collected and the permits issued.
- In 2004, we observed that \$1,675 in course fees were not collected from outside organizations whose employees received training at the Police Academy. We have verified that the Police Academy has revised its procedures for administering course registration and billing in such a way as to provide greater assurance that training will be properly billed and collected. Our test work indicated that training was properly billed in fiscal year 2005.
- In 2004, we observed that a significant number of purchases using the City's purchasing cards did not have receipts or affidavits as required to verify the appropriateness of purchases. We also noted that affidavits were being used frequently in place of receipts. The purchasing card program guidelines were revised to require more stringent justification for using affidavits and to require managers to sign p-card statements certifying that receipts and affidavits were attached for all purchases. We tested a sample of purchases and found that all purchases were supported by original receipts.
- In 2004, we observed that the Civic Center's maintenance function did not have a clear mission, goals, and performance measures resulting in an ineffective maintenance function. Civic Facilities has completed a strategic business plan that includes components addressing the maintenance function's mission, goals, and performance measures.
- In 2004, we cited concerns that Parks & Recreation's goal of inspecting each playground on a monthly basis was not met in 2002 or 2003. We further observed that the checklist used for inspections did not include several items recommended by industry and safety groups, and there was not a consistent and documented method of prioritizing needed repairs identified by playground inspectors. We have verified that the playgrounds are currently being inspected on a monthly basis, and the inspection form has been revised to include

recognized guidelines. Inspectors have now been equipped to undertake some repairs themselves and are now preparing formal work order requests for more significant repairs.

- In 2004, we observed that the park maintenance function had no formal system of work orders to identify needed repairs, prioritize work, or to document materials and labor used for repairs completed in parks. We have verified that the parks maintenance function now has a work order process that documents repairs needed, work assignments, status of work, and captures labor and materials used. This process is currently being converted over to a new, computer-based asset management system that is expected to be activated in January 2006.
- In 2004, we observed that the Parks and Recreation department did not document employee training on motorized equipment. We have verified that a matrix has been developed to track equipment training for all Parks employees and to help ensure employees only operate equipment on which they have been properly trained to operate safely.
- In 2003, an investigation into irregularities with contracted labor revealed that work performed by employees was also being billed to the Civic Center as contract labor. We recommended developing comprehensive procedures detailing how event staffing is budgeted and monitored for reasonableness. We have verified that the Civic Center has developed and documented procedures for budgeting and monitoring event staffing.
- In 2002, we noted that the Fire Marshal's office was not meeting its stated goals for building inspections. These goals were established in 2000 as part of a reorganization of the Fire Marshal's office. In response to the audit, the Fire Marshal's office began utilizing a new records management software [Red Alert] to help schedule inspections in a more programmatic way. The department has also revised its goals to reduce the frequency of certain inspections to match the requirements as set out by the State. Based on our follow-up test work, the Fire Marshal's office is now meeting its inspection goals.

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The following audit findings could not be cleared on the basis of our follow-up audit work this year. The status of each finding has been summarized below and each will be reviewed again in 2006.

**Purchasing:**

**Original Finding:** In our test work, we noted that receipts from vendors such as Wal-Mart, Kroger, Ritz Camera, and Barnes & Noble did not include notations to explain the business purpose requiring the purchase. We also noted that receipts for meals at local restaurants oftentimes did not include a notation explaining the business purpose of the meal or the people who received the meals.

**Follow Up:** The Purchasing division has developed written policies and procedures that address the need for an explanation to be attached to receipts and invoices. However, in our test work, we observed that employees are not documenting the purpose of purchases on their receipts.

**Civic Center:**

**Original Finding:** The maintenance department does not have documented operational policies and procedures. Members of the maintenance staff operate based on their accumulated experience and knowledge without any written guidance addressing the scheduling, planning, or supervision of work.

There are also no processes for maintaining records of assets, maintenance performed, labor expended, or parts purchased and used. Due to the lack of records, we were unable to evaluate the efficiency or effectiveness of operations, or the extent to which assets have been properly safeguarded.

**Follow Up:** The policies and procedures manual is projected to be completed in December 2005. Currently, the Event Business Management System [EBMS] is not being effectively utilized to track maintenance work performed or schedule preventative maintenance.

**Parks & Recreation:**

**Original Finding:** In 2002, we observed that scheduling and approval controls designed to ensure the accuracy of part-time payroll were not effectively operating. Specifically, explanations for differences between scheduled hours and actual hours worked were not consistently documented on part-time workers' time sheets. In 2004, we identified 106 employees that had been overpaid based on inaccurate time sheets. The overpayments identified totaled approximately \$9,000.

**Follow Up:** The Parks and Recreation department administration reviewed part-time payroll procedures with all employees and undertook disciplinary actions with specific supervisors involved. The department changed requirements for approving time from a prior period and added steps at the central office to monitor payroll. As part of our follow-up test work, we reviewed 34 time sheets and noted that one time sheet included a date from a prior pay period. Upon further review, we determined that the employee was paid twice for the four (4) hours worked on that date.

**Department of Technology:**

**Original Finding:** We reviewed the existing user IDs and their related access rights to the data analysis server on which the 911 dispatch data resides for import into the fire and police records systems. We noted that there were two user IDs with "administrative rights" to the database which allow the user to add, modify, and delete data. One of the user IDs was used by the application vendor and Technology staff to set up the

database and to access the database as needed. The other user ID was used by a Police department employee and Fire department employee to enable them to import data into their respective records systems.

**Follow Up:** The user ID that is used by a Police department employee and Fire department employee has been changed to read only. The Department of Technology has not yet established a separate support administrative login account for the vendor to use.

**Facilities Management:**

**Original Finding:** The Facilities Management division does not have written policies and procedures for the building maintenance function addressing work prioritization, labor and materials management, and preventive maintenance. There are no formal asset records that provide maintenance specifications, maintenance schedules, repair histories, useful life projections, or warranty information.

**Follow Up:** Facilities Management has not yet developed policies and procedures addressing the areas noted in the audit.

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We would like to thank the management and staff of the departments reviewed for their assistance and cooperation in conducting this annual review.

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Pamela C. Mosdell, CIA, CISA  
Information Systems Auditor

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Cheryl D. Ramsey  
Auditor

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Drew Harmon, CPA, CIA  
Municipal Auditor